Kensington sells to Barclays to build on expansion plans

Brokers' reaction to specialist lender's acquisition is mixed

By Jake Carter
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Barclays has completed the acquisition of Kensington Mortgages, subject to regulatory approval.

As part of the agreement, all of the specialist lender's employees will become part of the wider Barclays group, though Kensington will continue its day-to-day operations as usual.

"As a major UK bank with a broad reach and offering, Barclays is well-placed to support our expansion," said a spokesperson from Kensington.

The acquisition benefitted Barclays as it would allow the lender to differentiate itself as a 'mainstream specialist', and offer a range of mortgage solutions not available from competitors, the spokesperson added.

Impact of acquisition

The specialist lender intends to continue to operate as a standalone entity and whilst there are no plans to change the organisation's structure immediately on completion, Kensington said it would continue discussions with Barclays over the coming months to understand how its business structure would evolve on completion of the sale.

It added that Barclays' ambition was to support the specialist lender to grow as a business and increase its market share.

As part of the agreement, Kensington confirmed that customers and brokers would see no change, and experience no interruptions in accessing its products and services.

"We look forward to working with Barclays closely to bring our propositions to a wider range of individuals across the UK; and as we enter this new chapter, we would like to thank Blackstone and Sixth Street for all their support and investment over the last eight years," its spokesperson enthused.

Broker reaction

Reaction from brokers has been mixed.

Gary Bush (pictured), financial adviser at Mortgage Shop, commented this was bad news for the mortgage industry and consumers, comparing it to Barclays' take-over of Woolwich years ago.

He suggested that lenders which potentially expanded so much that they might not be able to properly handle support levels could be bad for consumers as well as the market.

“Barclays, prior to the Woolwich takeover, provided an excellent service to advisers and consumers, but afterwards it was hopeless,” said Bush, giving his opinion.

Lee Johnson, director at Willow Private Finance, said competition between lenders has increased dramatically in recent months, and he believed it would be interesting to see how this acquisition shook up the market further.

“The requirements for specialist advice and access to specialist lending are only going to increase in this evolving market and, on the face of it, it seems like a smart move by Barclays,” he said.

Amit Patel, adviser at Trinity Finance, believed the acquisition was fantastic news for Kensington as the specialist lender would now be able secure new funding opportunities at a significantly cheaper price, compared to what they were paying before.

“It should in theory enable them to provide a better product offering, with a lower rate and competitive fees,” he said.

Meanwhile, Patel said Barclays would benefit from the systems and processes that Kensington had in place; as such, he said this was a definite win, win situation for borrowers.

Lewis Shaw, founder and mortgage expert at Shaw Financial Services, said it would be interesting to see how quickly Kensington grew with the amount of funding power Barclays could provide.

“With Kensington’s systems and service levels, I can imagine they will become a lender to be reckoned with,” he added.

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